



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

June 20, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF RECOMMENDATIONS RESULTING FROM THE BOARD-DIRECTED
PLANNING PROCESS TO PRIORITIZE PERFORMANCE INCENTIVES AND
ADDITIONAL SINGLE ALLOCATION FUNDING FOR THE CalWORKs PROGRAM,
LONG-TERM FAMILY SELF-SUFFICIENCY PLAN, AND THE AFTER-SCHOOL
ENRICHMENT PROGRAM FOR FISCAL YEAR (FY) 2002-03
(ALL DISTRICTS) (4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve, contingent upon funding available in the FY 2002-03 State Budget, consensus funding recommendations and related notes 1 through 9 that were submitted to your Board on June 17, 2002, by the New Directions Task Force, the Department of Public Social Services, and the Chief Administrative Officer for a total of \$125,856,500 (74.6% of funding recommendations) for FY 2002-03, as set forth on Attachment 1.
2. Approve, contingent upon funding available in the FY 2002-03 State Budget, \$28,177,450 (16.7% of funding recommendations) in minimum funding recommended by all stakeholders for seven programs and services as identified in Attachment 2.
3. Determine, contingent upon funding available in the FY 2002-03 State Budget, how to utilize the remaining \$14,666,050 (8.7% of funding recommendations) among the divergent recommendations set forth in Attachment 2.
4. Instruct the Director of Public Social Services to reconvene representatives of the Chief Administrative Office, the New Directions Task Force, the Public Social Services Commission and the Community Planning Group in January 2003 to assess the circumstances at that time and report back to your Board with any recommended modifications to the utilization of any of the \$168.7 million addressed in Recommendations 1, 2 and 3 above.

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5. Authorize the Chief Administrative Officer to execute changes in FY 2002-03 departmental budgets in accordance with your Board's action on Recommendations 1, 2 and/or 3 above.

PURPOSE OF THE RECOMMENDATION

Los Angeles County anticipates a Fiscal Year 2002-03 budget shortfall for the CalWORKs program and the Long-Term Family Self-Sufficiency (LTFSS) Plan. On January 15, 2002, your Board instructed the Department of Public Social Services, the Chief Administrative Office, and the New Directions Task Force, with input from the community and advocates, to prioritize LTFSS projects and the After-School Enrichment Program in light of the looming budget shortfall.

On April 2, 2002, your Board returned to this issue and instructed the Director of Public Social Services, the New Directions Task Force, and the Chief Administrative Officer, with input from the community, advocates, and the Commission for Public Social Services, to expand the scope of the assessment and prioritization of the Long-Term Family Self-Sufficiency Plan to include core and enhanced CalWORKs services, and present to your Board a proposed funding plan by June 17, 2002.

In response to your Board's instructions, delegates from five stakeholder groups met intensively over the past six weeks to assess and prioritize CalWORKs core and enhanced services, LTFSS projects, and the After-School Enrichment Program. The stakeholders include: the Chief Administrative Office (CAO); the Department of Public Social Service (DPSS); the New Directions Task Force (excluding the CAO and DPSS since each was already a stakeholder in this process); the Public Social Services Commission; and the Community Planning Group, comprising representatives from all eight Service Planning Area Councils, the American Indian Children's Council, and various community-based organizations and advocacy groups.

On June 17, 2002, the Chief Administrative Officer, the Department of Public Social Services, and the New Directions Task Force transmitted the resulting recommendations to your Board (Attachment 3). I am now submitting those recommendations to your Board for formal action.

JUSTIFICATION

Your Board's focus and commitment to long-term family self-sufficiency in the context of welfare reform creates a unifying goal for the array of public and community-based agencies/parties involved in providing health, human and educational services to low-income families in the county.

Your Board's actions of January 15, 2002 and thereafter reinforced and guided the County's commitment to continue to combat poverty in the county, even in the midst of shrinking funds to sustain services. In this vein, the CAO and DPSS have carefully analyzed the Governor's May Revise Budget for Fiscal Year 2002-03, and thoroughly conducted assessments of the still unresolved budgetary and political contingencies. Based on this analysis, the CAO and DPSS estimate that the County will receive an additional \$30.2 million in CalWORKs Single Allocation funds beyond those Single Allocation funds assumed in the proposed FY 2002-03 County budget, and will have available a total of \$138.5 million in CalWORKs Performance Incentives funds for FY 2002-03. Therefore, the total amount of money addressed in the June 17, 2002 stakeholder report and in the attached recommendations is \$168.7 million.

The \$168.7 million addressed by these recommendations reflects the best estimate by my department and the Chief Administrative Office of FY 2002-03 available CalWORKs Single Allocation and Performance Incentive funding, taking into consideration the Governor's May Revise budget and the legislative response to date. Should the adopted State budget materially differ from our current estimates, we will notify your Board of any revisions to the total available funding.

The timeframe for expending the \$30.2 million in Single Allocation funds is necessarily FY 2002-03 because Single Allocation dollars are allocated annually. For Performance Incentives funds, the five stakeholder groups also recommend allocating in FY 2002-03 all \$138.5 million projected to be available in FY 2002-03, rather than extending these dollars into any subsequent fiscal years.

Of all the possible future scenarios affecting Performance Incentive funds, the most likely is that the County will receive no additional Performance Incentive funds after FY 2002-03, and that any Performance Incentive funds not spent in FY 2002-03 may be reclaimed by the State.

Furthermore, the CalWORKs program is likely to undergo significant fiscal and programmatic changes in FY 2003-04, either because of federal changes, State changes, or both. The United States Congress and the President are already engaged in significant negotiations about how to restructure the Temporary Assistance for Needy Families program. And regardless of what happens at the national level, policymakers across California agree that CalWORKs cannot be sustained financially as currently structured. The uncertainty at both the federal and State policy levels argues against reducing services in the present to save Performance Incentive dollars for the future, particularly given the substantial risk that any Performance Incentives that are saved for the future may ultimately not be made available to the County.

The five categories of programs and services that were considered by the five stakeholder groups are: 1) The After-School Enrichment Program, 2) CalWORKs programs and services already implemented, 3) CalWORKs program and services not yet implemented, 4) LTFSS projects already implemented, and 5) LTFSS projects not yet implemented. In all, the five stakeholder groups considered and reached full consensus on 78 of 100 programs and services (Attachment 1) and diverged on recommendations for 22 programs and services (Attachment 2). The stakeholders' rationale for their respective recommendations is set forth on Attachment B to the recommendations submitted to your Board on June 17, 2002 (Attachment 3 to this Board Letter). Among these 22 programs and services, the five stakeholder groups agreed that seven should be funded at some level, but disagreed regarding the level of funding. For these seven programs and services, the minimum funding recommended by all stakeholders is \$28,177,450. In order to honor the process and level of consensus reached by the stakeholder groups, the recommendations ask your Board to:

- Approve, contingent upon funding available in the FY 2002-03 State Budget, the full consensus on funding recommendations that are reflected in Recommendation 1, as set forth in Attachment 1, for a total of \$125,856,500 for FY 2002-03, comprising 74.6% of the \$168.7 million in funding considered in this process.
- Approve, contingent upon funding available in the FY 2002-03 State Budget, the minimum funding recommended by all stakeholders that is reflected in Recommendation 2 for a total of \$28,177,450 for FY 2002-03, comprising 16.7% of the \$168.7 million in funding considered in this process.
- Determine, contingent upon funding available in the FY 2002-03 State Budget, how to utilize the remaining \$14,666,050 among the divergent recommendations that are reflected in Recommendation 3, as set forth in Attachment 2, and which comprise 8.7% of the \$168.7 million in funding considered in this process.

Many of the funding recommendations reflect assumptions about data and information that will not be known for some time. Accordingly, as reflected in Recommendation 4, it is appropriate for the stakeholders to reconvene in January 2003 when additional data and information regarding needs and expenditures will be available.

CAO changes to the FY 2002-03 departmental budgets are necessary, as reflected in Recommendation 5, to ensure that your Board provides budgetary and spending authority to the impacted departments.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions are consistent with the principles of the Countywide Strategic Plan, Goal #5: Improve the well-being of children and families in Los Angeles County as measured by achievements in the five outcome areas adopted by the Board: 1) good health; 2) economic well-being; 3) safety and survival; 4) emotional and social well-being; and 5) education/workforce readiness.

FISCAL IMPACT/FINANCING

The grand total amount of funding addressed by the recommendations is \$168.7 million: \$30.2 million in Single Allocation, beyond the proposed CalWORKs budget for FY 2002-03, and \$138.5 in total available Performance Incentive funds for Fiscal Year 2002-03. These recommendations will be funded exclusively through such CalWORKs Performance Incentives funds, which do not include any net County cost, and Single Allocation funds, for which the County has already met the maintenance-of-effort requirement. There is no net County cost impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In implementing federal welfare reform, the California Legislature expressed its intent to do so in a manner that would:

- Reduce child poverty in the state.
- Achieve the goals of Public Law 104-193, which include reducing dependence of needy parents on government benefits by promoting job preparation, work, and marriage; reducing out-of-wedlock births; and encouraging the formation and maintenance of two-parent families.
- Meet the requirements of federal law.
- Avoid unanticipated outcomes that negatively affect child well-being, the demand for county general assistance, or the number of families affected by domestic violence.

Performance Incentives funding may be used in any manner authorized by federal law: 1) in any manner reasonably calculated to meet one of the four (4) purposes of the Federal TANF program; or 2) to continue providing services and benefits that the state was authorized to provide under its former Title IV-A or IV-F State plans, which covered Aid to Families with Dependent Children, emergency Assistance and Job Opportunities and Basic Skills Training. The four (4) purposes of the Federal TANF Program are to:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. End the dependence of needy parents on government benefits by promoting job preparation, work and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies; and
4. Encourage the formation and maintenance of two parent families.

The CalWORKs Single Allocation can be used for work activities and supportive services for families receiving CalWORKs in which an aided adult is working or engaged in welfare-to-work activity, and for families in which the adult is no longer aided because of the State 60-month time limit.

Recommendations 1, 2 and 3 are made contingent upon funding available in the FY 2002-03 State Budget. Moreover, the recommendations are made subject to applicable laws, regulations and Board actions in effect and applicable to the projects, programs, and/or line items identified in the recommendations. The County of Los Angeles through the Department of Public Social Services has the legal authority pursuant to State law to administer the CalWORKs program in the county. County Counsel has reviewed and approved this letter as to form.

CONTRACTING PROCESS

The Department of Public Social Services and other lead agencies will communicate and/or seek Board approval regarding contracting matters, as otherwise required, in order to carry out your Board's actions/instructions that result from these recommendations.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

All of the stakeholder groups agree that the process set out by your Board generated valuable recommendations that, if adopted by your Board, will make a significant contribution to assisting some of the County's most vulnerable families. The recommendations, if approved by your Board, will help families receiving CalWORKs and other low-income families to become and remain self-sufficient. To the extent that implementation of these recommendations increases the number of CalWORKs and other low-income families who attain long-term self-sufficiency, they will reduce the current and future demand for certain public services.

Honorable Board of Supervisors
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Respectfully submitted,



Bryce Yokomizo, Director
Department of Public Social Services

BY:nr

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors